

Impact Assessment, The Home Office

Title: Digital Identities and Other Technologies for Age Verification in Alcohol Purchases

Date: 1 December 2023

IA No: HO 0450

Stage: Consultation

RPC Reference No: N/A

Intervention: Domestic

Other departments or agencies:

Measure: Secondary legislation

Enquiries:

alcohollicensingconsultations@homeoffice.gov.uk

RPC Opinion:
RPC Opinion Status

Business Impact Target: Not a regulatory provision

Cost of Preferred (or more likely) Option (in 2019 prices)

Net Present Social Value NPSV (£m)	N/A	Business Net Present Value BNPV (£m)	N/A	Net cost to business per year EANDCB (£m)	N/A
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What is the problem under consideration? Why is government intervention necessary?

Current wording of the Licensing Act 2003 (LA 2003) does not allow technology to play a part in the age verification process for alcohol sales; a person must make the decision whether an individual is old enough to purchase alcohol, using physical identification (ID). There is a need to consider the secure and appropriate use of age assurance technologies, including age estimation, which, can help to establish if an individual is old enough to purchase age restricted products, with the potential to improve the experience of consumers and retailers.

What is the strategic objective? What are the main policy objectives and intended effects?

The government is committed to enabling the use of trusted digital identity solutions across the UK economy and enable the secure and appropriate use of new technologies that can improve the experience of consumers and retailers. The Home Office are consulting on whether to amend the LA 2003 to allow individuals to utilise digital identities, age estimation and other technology to play a role in proving their age when purchasing alcohol. Currently LA 2003 only requires age verification at the point of sale or appropriation to a contract not at the point of delivery. The Home Office are consulting on whether there should be additional age checks at the point of delivery and / or service.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)

- Option 1:** 'Do nothing' - only traditional ID acceptable for age verification for alcohol sales.
- Option 2:** Allow digital identities to be used for age verification for alcohol sales. *And / or*
- Option 3:** Allow age estimation and other technology for age verification for alcohol sales.
- Option 4:** 'Do nothing' - age verification checks occur at the point of sale/appropriation only.
- Option 5:** Amend LA 2003 so checks also take place at point of delivery/service. *Or*
- Option 6:** Amend LA 2003, section 182 guidance, so checks occur at point of service/delivery.

Main assumptions/sensitivities and economic/analytical risks

Discount rate (%)

No quantitative data is available meaning it has not been possible to monetise potential costs and benefits or undertake any economic analysis. The Home Office are therefore making assumptions supported by limited qualitative evidence. The most notable risk is that there could be unknown costs and benefits which have not been estimated. Consequently, there is a risk that the benefits of introducing such technologies may not outweigh any associated costs.

Will the policy be reviewed? N/A be reviewed. **If applicable, set review date:** N/A

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible SELECT SIGNATORY: _____ Date: _____

Summary: Analysis & Evidence

Policy Option 2

Description: Allow digital identities to be used for age verification for alcohol sales.

FULL ECONOMIC ASSESSMENT

Year(s):	Price Base	2023/24	PV Base	2023/24	Appraisal	10	Transition	1
Estimate of Net Present Social Value NPSV (£m)						Estimate of BNPV (£m)		
Low:	N/A	High:	N/A	Best:	N/A	Best BNPV	N/A	

COSTS, £m	Transition Constant Price	Ongoing Present Value	Total Present Value	Average/year Constant Price	To Business Present Value
Low	N/A	N/A	N/A	N/A	N/A
High	N/A	N/A	N/A	N/A	N/A
Best Estimate	N/A	N/A	N/A	N/A	N/A

Description and scale of key monetised costs by 'main affected groups'

1. No monetised costs available due to a lack of quantitative data.

Other key non-monetised costs by 'main affected groups'

1. Set up of technology and familiarisation for individuals, businesses and organisations on the use of digital identities and changes to legislation constitute the majority of costs for this option.
2. There are likely to be ongoing running and training costs for premises licensed to sell alcohol - these will be individual to each premise, but a lack of data prevents monetisation of these costs.

BENEFITS, £m	Transition Constant Price	Ongoing Present Value	Total Present Value	Average/year Constant Price	To Business Present Value
Low	N/A	N/A	N/A	N/A	N/A
High	N/A	N/A	N/A	N/A	N/A
Best Estimate	N/A	N/A	N/A	N/A	N/A

Description and scale of key monetised benefits by 'main affected groups'

1. No monetised benefits available due to a lack of quantitative data.

Other key non-monetised benefits by 'main affected groups'

1. Digital identities could reduce time taken to verify a customer's age and the likelihood of assaults on store workers as customers may be more accepting of decisions made by technology.
2. Digital Identities could restrict illegal access to alcohol for minors and positively impact crime, and health as well as protect personal data by limiting information shared when verifying age.

BUSINESS ASSESSMENT (Option 2)

Direct impact on business (Equivalent Annual) £m: N/A										
Cost, £m	N/A		Benefit, £m	N/A		Net, £m	N/A			
Score for Business Impact Target (qualifying provisions only) £m:							N/A			
Is this measure likely to impact on trade and investment?							N/A			
Are any of these organisations in scope?			Micro	N/A	Small	N/A	Medium	N/A	Large	N/A
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)					Traded:	N/A	Non-Traded:	N/A		

PEOPLE AND SPECIFIC IMPACTS ASSESSMENT (Option 1)

Are all relevant Specific Impacts included?	Y/N	Are there any impacts on particular groups?	Y/N
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Summary: Analysis & Evidence

Policy Option 3

Description: Allow age estimation and other technology to be used for age verification for alcohol sales.

FULL ECONOMIC ASSESSMENT

Year(s):	Price Base	2023/24	PV Base	2023/24	Appraisal	10	Transition	1
Estimate of Net Present Social Value NPSV (£m)						Estimate of BNPV (£m)		
Low:	N/A	High:	N/A	Best:	N/A	Best BNPV	N/A	

COSTS, £m	Transition Constant Price	Ongoing Present Value	Total Present Value	Average/year Constant Price	To Business Present Value
Low	N/A	N/A	N/A	N/A	N/A
High	N/A	N/A	N/A	N/A	N/A
Best Estimate	N/A	N/A	N/A	N/A	N/A

Description and scale of key monetised costs by 'main affected groups'

1. No monetised costs available due to a lack of quantitative data.

Other key non-monetised costs by 'main affected groups'

1. As per Option 2, licensed premises will acquire costs associated with the setup of and familiarisation with technologies to assist in age verification. Organisations involved in the enforcement of alcohol legislation will also need to familiarise themselves. Similarly, ongoing running and training costs are included in the use of these technologies.

BENEFITS, £m	Transition Constant Price	Ongoing Present Value	Total Present Value	Average/year Constant Price	To Business Present Value
Low	N/A	N/A	N/A	N/A	N/A
High	N/A	N/A	N/A	N/A	N/A
Best Estimate	N/A	N/A	N/A	N/A	N/A

Description and scale of key monetised benefits by 'main affected groups'

1. No monetised benefits available due to a lack of quantitative data.

Other key non-monetised benefits by 'main affected groups'

1. As per Option 2, age estimation and other technologies will likely reduce the time taken to verify the age of customers and reduce assaults on staff during the sale of alcohol by providing a shield to aggression which is thought to be triggered by the sale of age restricted products. Similarly, there could be positive impacts on alcohol related crime, disorder and health.

BUSINESS ASSESSMENT (Option 3)

Direct impact on business (Equivalent Annual) £m: N/A										
Cost, £m	N/A		Benefit, £m	N/A		Net, £m	N/A			
Score for Business Impact Target (qualifying provisions only) £m: N/A										
Is this measure likely to impact on trade and investment?										
N/A										
Are any of these organisations in scope?			Micro	N/A	Small	N/A	Medium	N/A	Large	N/A
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)						Traded:	N/A	Non-Traded:	N/A	

PEOPLE AND SPECIFIC IMPACTS ASSESSMENT (Option 3)

Are all relevant Specific Impacts included?	N/A	Are there any impacts on particular groups?	N/A
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Summary: Analysis & Evidence

Policy Option 5

Description: Amend the LA 2003 so that age verification checks, checks to establish that an individual is not already intoxicated and checks that a sale is not a proxy sale must take place at the point of sale/appropriation to a contract and also at the point of delivery/service.

FULL ECONOMIC ASSESSMENT

Year(s):	Price Base	2023/24	PV Base	2023/24	Appraisal	10	Transition	1
Estimate of Net Present Social Value NPSV (£m)						Estimate of BNPV (£m)		
Low:	N/A	High:	N/A	Best:	N/A	Best BNPV	N/A	

COSTS, £m	Transition Constant Price	Ongoing Present Value	Total Present Value	Average/year Constant Price	To Business Present Value
Low	N/A	N/A	N/A	N/A	N/A
High	N/A	N/A	N/A	N/A	N/A
Best Estimate	N/A	N/A	N/A	N/A	N/A

Description and scale of key monetised costs by 'main affected groups'

1. No monetised costs available due to a lack of quantitative data.

Other key non-monetised costs by 'main affected groups'

1. Primarily, costs will be associated with familiarisation for individuals and businesses licensed to sell alcohol with the new proposed legislation.
2. Ongoing running and training costs will likely also be acquired, particularly in relation to implementing checks by staff at both the point of sale and delivery/service.

BENEFITS, £m	Transition Constant Price	Ongoing Present Value	Total Present Value	Average/year Constant Price	To Business Present Value
Low	N/A	N/A	N/A	N/A	N/A
High	N/A	N/A	N/A	N/A	N/A
Best Estimate	N/A	N/A	N/A	N/A	N/A

Description and scale of key monetised benefits by 'main affected groups'

1. No monetised benefits available due to a lack of quantitative data.

Other key non-monetised benefits by 'main affected groups'

1. Additional age verification and intoxication checks at the point of delivery/service have the potential to positively impact levels of alcohol related crime, disorder and health by ensuring that alcohol is sold and delivered responsibly. Such checks will also help restrict illegal access to alcohol for minors.

BUSINESS ASSESSMENT (Option 5)

Direct impact on business (Equivalent Annual) £m: N/A										
Cost, £m	N/A	Benefit, £m	N/A	Net, £m	N/A					
Score for Business Impact Target (qualifying provisions only) £m:					N/A					
Is this measure likely to impact on trade and investment?					N/A					
Are any of these organisations in scope?			Micro	N/A	Small	N/A	Medium	N/A	Large	N/A
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)				Traded:	N/A	Non-Traded:	N/A			

PEOPLE AND SPECIFIC IMPACTS ASSESSMENT (Option 5)

Are all relevant Specific Impacts included?	N/A	Are there any impacts on particular groups?	N/A
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Summary: Analysis & Evidence

Policy Option 6

Description: Amend the Section 182 guidance which accompanies the LA 2003 to advise that age verification checks, checks to establish that an individual is not already intoxicated and checks that a sale is not a proxy sale must take place at the point of sale/appropriation to a contract and should additionally take place at the point of the point of delivery/service.

FULL ECONOMIC ASSESSMENT

Year(s):	Price Base	2023/24	PV Base	2023/24	Appraisal	10	Transition	1
Estimate of Net Present Social Value NPSV (£m)						Estimate of BNPV (£m)		
Low:	N/A	High:	N/A	Best:	N/A	Best BNPV	N/A	

COSTS, £m	Transition Constant Price	Ongoing Present Value	Total Present Value	Average/year Constant Price	To Business Present Value
Low	N/A	N/A	N/A	N/A	N/A
High	N/A	N/A	N/A	N/A	N/A
Best Estimate	N/A	N/A	N/A	N/A	N/A

Description and scale of key monetised costs by 'main affected groups'

1. No monetised costs available due to a lack of quantitative data.

Other key non-monetised costs by 'main affected groups'

1. As per Option 5, costs will primarily be associated with familiarisation with the new legislation for individuals and businesses licensed to sell alcohol. Ongoing running and training costs will likely also be acquired, particularly in relation to implementing checks by staff at both the point of sale and delivery or service.

BENEFITS, £m	Transition Constant Price	Ongoing Present Value	Total Present Value	Average/year Constant Price	To Business Present Value
Low	N/A	N/A	N/A	N/A	N/A
High	N/A	N/A	N/A	N/A	N/A
Best Estimate	N/A	N/A	N/A	N/A	N/A

Description and scale of key monetised benefits by 'main affected groups'

1. No monetised benefits available due to a lack of quantitative data.

Other key non-monetised benefits by 'main affected groups'

1. As per Option 5, additional age verification and intoxication checks at the point of delivery or service have the potential to positively impact levels of alcohol related crime and disorder by ensuring that alcohol is sold and delivered responsibly. Additional age verification checks will also contribute to restricting illegal access to alcohol for minors.

BUSINESS ASSESSMENT (Option 6)

Direct impact on business (Equivalent Annual) £m: N/A										
Cost, £m	N/A	Benefit, £m	N/A	Net, £m	N/A					
Score for Business Impact Target (qualifying provisions only) £m:					N/A					
Is this measure likely to impact on trade and investment?					N/A					
Are any of these organisations in scope?			Micro	N/A	Small	N/A	Medium	N/A	Large	N/A
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)				Traded:	N/A	Non-Traded:	N/A			

PEOPLE AND SPECIFIC IMPACTS ASSESSMENT (Option 6)

Are all relevant Specific Impacts included?	N/A	Are there any impacts on particular groups?	N/A
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Evidence Base (for summary sheets)

A. Strategic objective and overview

A.1 Strategic objective

1. This policy is linked to cross-government work, which the Department for Science, Innovation and Technology (DSIT) is leading, to enable the use of secure digital identities¹.

A.2 Background

2. The Licensing Act 2003 (LA 2003) covers the retail sale and supply of alcohol. One of the licensing objectives that the Act seeks to uphold is the protection of children from harm, meaning that alcohol must not be sold to someone under 18 years of age. The LA 2003 specifies that if anyone appears to be under 18 years of age, they need to produce identification which bears their photograph, date of birth and either a holographic mark or ultraviolet feature². In practice this means that currently only physical identity documents are permitted.
3. The government is keen to enable the secure and appropriate use of new technologies that can improve the experience of consumers and retailers when purchasing age restricted products. Technology, including age estimation technology, exists that could help to establish if an individual is of an age that allows them to legally purchase particular products. However, the current wording of the LA 2003 does not allow technology to play a part in the age verification process for alcohol sales. A person must make the decision on whether an individual is old enough to purchase alcohol.
4. As the use of digital identities has become increasingly important and widespread, there is an increasing disparity between what existing licensing legislation allows and the forms of identity that people and businesses increasingly wish to use. There is also a difference between available technology and that which the LA 2003 permits. Discussions with stakeholders in the hospitality, retail and licensing sectors, as well as policing, suggest that there could be considerable support for the use of digital identities as well as technology which can help establish if an individual is old enough to purchase alcohol.
5. The Home Office are therefore consulting on whether to amend the LA 2003 to allow individuals to utilise digital identities, age estimation and other technology to play a role in proving their age when purchasing alcohol. The consultation will also ask for views on a range of related points which set out how this could work in practice and how legislation may need to change.
6. The need for well evidenced national standards remains paramount. Standards would provide both retailers and consumers with confidence that digital identities, age estimation and other technologies are fit for purpose. Any change to the LA 2003 would reflect the wider cross-government position on the use of digital identity and other technology for the sale of age-restricted products and would only take effect once there are government-approved national standards in place.
7. There are a number of other important considerations. Liability is one. The Home Office do not propose that government should be prescriptive about liability and believe that this should be left to organisations to determine through contractual arrangements.
8. Any use will need to comply with equalities legislation, to ensure that inclusion is adequately considered.
9. Another consideration is privacy. Any use will need to comply with data protection legislation. The Data Protection Act 2018 sets out the data protection framework in the United Kingdom and the enforcement tools that the Information Commissioner can use to regulate organisations that process

¹ National Data Strategy - GOV.UK: <https://www.gov.uk/guidance/national-data-strategy>

² The Licensing Act 2003 (Mandatory Licensing Conditions) (Amendment) Order 2014: <https://www.legislation.gov.uk/ukSI/2014/2440/contents/made>

personal data. The trust framework makes clear that participants in the digital verification services ecosystem must comply with data protection legislation and consequently no additional measures are proposed.

10. The Home Office are also considering whether the LA 2003 adequately covers transactions that do not take place face-to-face. Since the LA 2003 came into effect, the way in which people purchase alcohol has changed, with sales increasingly being made online, as well as in many other settings which do not initially involve face-to-face contact - for example supermarket self-checkout tills and self-scanners, and table service.
11. Currently the LA 2003 only sets out a requirement to verify age at the point of sale or appropriation to a contract, not at the point of delivery. The Home Office are reviewing whether this is still appropriate and whether there should additionally be age checks at the point of delivery and / or service. There is a need to understand to what extent there may be a problem of alcohol being handed over to minors and / or to people who are already intoxicated. The Home Office are therefore calling for evidence that will help understand to what extent there may be a problem. The Home Office are also consulting on whether to amend the LA 2003 so that it is explicit about when age verification must take place.
12. There is a high degree of uncertainty around the extent to which businesses and individuals will adopt digital identification and other certified technologies.
13. The Home Office hope to gather further evidence through the consultation on whether the LA 2003 should be amended as to allow digital identities and technology to play a role in age verification for alcohol sales in England and Wales, and when age verification should take place when sales are not made face-to-face. The consultation is aimed at the hospitality sector, local licensing authorities, police, licensed premises, members of the public, technology companies which operate in the area and other interested parties in England and Wales where these proposals would apply.

B. Rationale for intervention

14. The government is reviewing whether to update the Licensing Act so that it better reflects the way that people currently purchase alcohol and the means currently available to prove that they are old enough to do so. Increasingly alcohol purchases do not necessarily take place as a face-to-face transaction.
15. The government needs to ensure that there are adequate protections in place to ensure that alcohol is not served or delivered to someone who is under the legal age for purchasing alcohol or who is already intoxicated.
16. As the use of digital identity has become increasingly important and widespread, there is an increasing disparity between what licensing legislation allows and the forms of identity that people increasingly wish to use. Technology exists which could help establish if an individual is under the age that they can legally purchase particular products. However the wording of the Act does not allow technology to play a part in age verification for alcohol sales and the decision to allow the sale must be made by a person.

C. Policy objective

17. The Home Office is consulting on a number of areas in which the landscape has changed since the introduction of the Licensing Act. The objective is to obtain views on whether to bring amendments to the Act, as well as to obtain views about how any changes could work operationally.

D. Options considered and implementation

Options being consulted on:

18. Digital Identities & Technology:

- **Option 1:** 'Do nothing'. Only traditional identity documents which contain a holographic image or ultraviolet feature are acceptable for age verification for alcohol sales.
- **Option 2:** Alongside traditional identity documents, also allow digital identities to be used for age verification for alcohol sales. *And / or*
- **Option 3:** Alongside traditional identity documents, also allow age estimation and other technology to be used for age verification for alcohol sales.

19. Remote Sales:

- **Option 4:** 'Do nothing'. Age verification checks, checks to establish that an individual is not already intoxicated, and checks that a sale is not a proxy sale must take place at the point of sale/appropriation to a contract.
- **Option 5:** Amend the LA 2003 so that age verification checks, checks to establish that an individual is not already intoxicated, and checks that a sale is not a proxy sale must take place at the point of sale/appropriation to a contract and also at the point of delivery/service. *Or*
- **Option 6:** Amend the Section 182 guidance which accompanies the LA 2003 to advise that age verification checks, checks to establish that an individual is not already intoxicated and checks that a sale is not a proxy sale must take place at the point of sale/appropriation to a contract and should additionally take place at the point of the point of delivery/service.

E. Appraisal

20. Due to an absence of quantitative data on the potential costs of amending legislation to allow digital identification to play a role in age verification, a narrative approach has been adopted in this impact assessment. This means that the costs and benefits outlined below have not been monetised due to an absence of data. The options being consulted on are listed above. Costs and benefits are then outlined and summarised in Table 1 and Table 2.

Table 1: Potential Costs Summary

	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6
Cost 1 – set up technology	R	G	G	R	R	R
Cost 2 – familiarisation individuals and businesses	R	G	G	R	G	G
Cost 3 – familiarisation LAs, police and Trading Standards	R	G	G	R	G	G
Cost 4 – familiarisation retailers and hospitality	R	G	G	R	G	G
Cost 5 – familiarisation public	R	G	G	R	G	G
Cost 6 – ongoing running retailers and hospitality	R	G	G	R	G	G
Cost 7 – ongoing PNDs	R	A	A	R	A	A
Cost 8 – ongoing training LAs, police and trading standards	R	G	G	R	G	G

Red (R): not applicable, amber (A): somewhat applicable, green (G): applicable.

Cost 1 – Set up of technology for digital identities

21. There is limited evidence on the set-up costs of digital identities resulting in uncertainty around the costs both now and in the future. Consequently, it is not possible to estimate set up costs for the usage of digital identities. In the medium to long term, it is anticipated that as digital systems are improved and become more reliable, set-up costs for consumers and businesses will fall.
22. Digital identification and certified technologies for age verification purposes are relatively new, it is anticipated that over time this market will continue to evolve and innovate. As a result, it is difficult to predict the business model that will be employed by suppliers of digital identities. Technology that can help with the age verification process can take many forms. For example, digital identities could take the form of freely downloadable apps and/or wallets resulting in zero technology set up costs to individuals and businesses. Alternatively digital identity apps could be coupled with other technologies, such as age estimation technologies, which may result in a cost to businesses and consumers. It is anticipated that as demand for digital identities increases and businesses will respond by increasing their usage of digital identities to remain competitive.

Cost 2: Set up costs - Familiarisation costs for individuals and businesses

23. A common economic cost associated with policy change is a familiarisation cost. This is a cost to individuals and businesses associated with reading, comprehending and becoming familiar with a policy change. It enables an understanding of the opportunity costs for individuals and businesses associated with familiarising themselves with a new policy. Due to an absence of data on how long it might take to familiarise with using digital identities for licensable activities, this cost has not been monetised.

Cost 3: Set up costs - Familiarisation costs for Licensing Authorities (LAs), police and Trading Standards

24. It is anticipated that there are likely to be familiarisation costs for Licensing Authorities, the police, and Trading Standards. These costs may include reading relevant legislation, making changes to local authority policy documents, reading the list of certified vendors and familiarisation with different types of digital identification and certified technologies for age verification purposes.
25. The market for technologies that assist with age verification is relatively young, as new technologies enter the market there may be potentially ongoing training costs for LAs, police and Trading Standards to keep up to date with new forms of certified technologies.
26. There is limited evidence on what form this familiarisation will take although it is anticipated that this will involve written communication and potentially training.

Cost 4: Set up costs – Familiarisation costs for retailers and hospitality industry

27. It is anticipated that amending the LA 2003 to include digital identities is likely to result in familiarisation costs to the retail and hospitality industry. These costs could potentially involve reading the relevant legislation, familiarisation with any changes to LAs policies arising from the policy change alongside familiarisation with certified suppliers.

Cost 5: Set up costs – Familiarisation cost for the public

28. It is anticipated that there will be some form of communication to the public around the introduction and use of digital identities. However, the form this communication will take is uncertain, therefore it is not known who will manage and bear the cost of any communication campaign.

Ongoing costs

Cost 6: Ongoing costs – Running costs for retailers and the hospitality industry

29. The market for digital identification in England and Wales is relatively young. It is anticipated that as the market matures, new suppliers entering the market and potentially innovating could result in ongoing training costs for retailers and the hospitality industry. There is a high degree of uncertainty around the format of ongoing training, how often ongoing training would be required and who would need to undertake the training.

Costs 7: Ongoing costs – Impact on Penalty Notice for Disorder (PNDs)

30. PNDs can be issued to staff or management of a premises which Police believe to have repeatedly breached the terms of LA 2003, such as selling alcohol to individuals under 18 years of age. Technologies that can assist in the age verification process are relatively new. More evidence is required on the efficacy of the different types of technologies and usage by retailers and the wider hospitality industry. Consequently, it is currently not possible to predict whether the use of technology may have an effect on the issuance of PNDs.

Cost 8: Ongoing training costs for Licensing Authorities, Police and Trading Standards

31. The market for technologies that assist with age verification is relatively young, as new technologies enter the market there may be potential ongoing training costs for LAs, police and Trading Standards to keep up to date with new forms of certified technologies.

Potential Benefits

32. A range of potential benefits have been identified with the options outlined above. These have been detailed below. Table 1 identifies the potential benefits associated with each option.

Table 2 – Potential Benefits Summary

	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6
Benefit 1 – verifying age of under 25	R	G	G	R	R	R
Benefit 2 – reduced assaults on store workers	R	A	A	R	R	R
Benefit 3 – protecting personal data	R	G	A	R	R	R
Benefit 4 – alcohol related crime and disorder	R	A	A	R	G	G
Benefit 5 – alcohol related harms and public safety	R	G	G	R	G	G
Benefit 6 – wider economic and social	R	G	G	R	G	G

Red (R): not applicable, amber (A): somewhat applicable, green (G): applicable.

Benefit 1 – A potential reduction in time spent in verifying a person’s age under 25

33. There is the potential for technology, including digital identities, to verify age more quickly than a human. The use of certified digital identities could potentially enable retailers and the hospitality industry to reduce the amount of time staff spend checking IDs of individuals who are above the legal age limit but are under the age of 25.
34. As above, there is potential for technology to reduce the amount of time staff spend checking IDs of individuals who are below the legal age limit of 18.

Benefit 2 – A potential reduction in in the number of assaults on store workers

35. Surveys and workshops undertaken by the retail sector indicate that the sale of age restricted products such as alcohol can act as a trigger for violence and abuse against retail staff. The Crimes against Businesses statistic produced by the Home Office found that seven per cent of small retailers and six per cent of all other retailers cited asking for ID for age restricted products as one of the most commonly cited reasons for violent crimes against staff.³
36. Anecdotal evidence from the implementation of the Challenge 25 Scheme⁴ indicated that the scheme acted as a shield in helping to prevent assaults. It is possible the digital identities, and other technologies such as age verification, could also act as a shield to assaults on store workers.

³ Crimes against businesses: findings from the 2021 Commercial Victimization Survey, Available here: <https://www.gov.uk/government/statistics/crime-against-businesses-findings-from-the-year-ending-march-2021-commercial-victimisation-survey/crime-against-businesses-findings-from-the-2021-commercial-victimisation-survey>

⁴ Challenge 25 is a retailing strategy that encourages anyone who is over 18 years of age but looks under 25 years of age to carry acceptable ID (a card bearing the PASS hologram, a photographic driving license or a passport) if they wish to buy alcohol. Available at: <http://rasg.org.uk/about/>

However, there is no recent evidence to support this effect. Consequently, there is a high degree of uncertainty on the realisation of this benefit.

Benefit 3 – Potential benefit in the form of protecting personal data helping to stop fraud

37. It is possible that the use of digital identities could help to protect personal information. Some traditional forms of physical ID, such as a driving licence, contains personal information such as an individual's home address which is not required for age verification. Unlike with a physical ID document, with a digital identity you are able to limit the amount of information you share to only what is necessary⁵. This means that if asked to verify your age, only information about your age would be shared as opposed to the range of information which is currently presented on traditional physical ID documents. Reducing the amount of personal data shared makes it harder for fraudsters to obtain and use stolen identities⁶.

Benefit 4 – Potential for a positive impact on alcohol related crime and disorder

38. There is a relationship between drinking and crime. In 2019/20, 42 per cent of all violent incidents were perceived to be alcohol-related according to the Crime Survey England and Wales.⁷ Amending legislation to ensure checks to establish consumers are not intoxicated at the point of delivery or service could help to ensure alcohol is sold and consumed responsibly.

39. There is uncertainty around displacement of sales of alcohol, particularly sales to minors. This is where a reduction in underage sales in shops could be replaced by an increase in proxy sales which was observed in the implementation of other policies such as Challenge 25.⁸ In 2020/21 children aged 11 to 16 years of age were surveyed about drinking behaviour and asked how they obtained alcohol, respondents could select more than one answer. The research showed that of children who bought alcohol, 19 per cent bought alcohol from retailers or licensed premises. Other means of obtaining alcohol included taken from home (50 per cent), given by friends (46 per cent), and bought by someone else (26 per cent).⁹ This displacement effect further complicates the ability to monetise the impact of digital identities on crime.

Benefit 5 – Potential positive impacts on health and public safety, particularly of minors

40. The use of digital identities and age verification technologies could help to reduce the access of minors to alcohol. In a survey of school pupils in years 7 to 11 in 2021, 40 per cent of pupils said they have had an alcoholic drink with prevalence increasing with age (13 per cent of 11 years old to 65 per cent of 15 year olds)¹⁰. Six per cent of pupils said they usually drank alcohol at least once per week, again proportions increased with age (1 per cent of 11 year olds to 14 per cent of 15 year olds).

41. Implementing additional age verification and checks to ensure the customer is not already intoxicated at the point of sale/delivery could also help to ensure that alcohol is consumed and sold responsibly. This could have positive impacts on alcohol related harms.

Benefit 6 - Wider economic and social benefits

42. It is anticipated that this policy will stimulate competition and the supply of digital identities helping to grow this market and adjacent digital markets resulting in increased consumer choice and potentially positive employment effects. The scale of the effect has not been modelled due to limitations on evidence around uptake of digital identification.

⁵ Department for Science, Innovation and Technology (2023). Guidance: Enabling the use of digital identities in the UK. Available at: <https://www.gov.uk/guidance/digital-identity>

⁶ Department for Digital, Culture, Media & Sport (2022). <https://www.gov.uk/government/news/new-legislation-set-to-make-digital-identities-more-trustworthy-and-secure>

⁷ ONS (2020) Nature of crime: violence, Dataset, Crime and Justice. Available at:

<https://www.ons.gov.uk/peoplepopulationandcommunity/crimeandjustice/datasets/natureofcrimetablesviolence>

⁸ Rising to the Challenge: A Report into the Application and impact of Challenge 25. The report can be found here [JWIsVoZ6F6IQd5Q2YN2GHACcSTmrp5dprLBA57KK.pdf](https://www.drinksininitatives.eu/JWIsVoZ6F6IQd5Q2YN2GHACcSTmrp5dprLBA57KK.pdf) (drinksinitiatives.eu)

⁹ Smoking, Drinking and Drug Use among Young People in England 2021. Available at: <https://digital.nhs.uk/data-and-information/publications/statistical/smoking-drinking-and-drug-use-among-young-people-in-england/2021>

¹⁰ Smoking, Drinking and Drug Use among Young People in England, 2021 - NHS Digital: <https://digital.nhs.uk/data-and-information/publications/statistical/smoking-drinking-and-drug-use-among-young-people-in-england/2021>

Value for money (VfM)

43. Due to an absence of quantitative data on the potential costs and benefits outlined in this impact assessment, a NPSV has not been calculated, instead a narrative approach has been adopted and qualitative information on the costs and benefits has been summarised below.
44. Any value for money assessment of digital identities for the purpose of age verification in alcohol sales would depend on the availability, reliability and costs (both setup and ongoing) of digital identity formats that meet the government approved national standard being developed by the Department for Science, Innovation and Technology .
45. Many of the costs outlined in this IA are associated with familiarisation for individuals, businesses, the police, Licensing Authorities and Trading Standards. This would likely include reading, comprehending and familiarising with the policy change, including reading updated legislation and providing training for staff were necessary. There are likely to also be ongoing running costs associated with the use of digital identities and other technologies, including ongoing training for staff to ensure all are kept abreast of any new developments in the technology.
46. The main benefits include the potential to save time in verifying an individual's age, both when they are under 18 years of age and between the ages of 18 to 25. It is possible that the use of digital identities and other technology, such as age verification, could also help to reduce the number of assaults on store workers when verifying a customer age in the sale of alcohol.
47. Furthermore, digital identities could help to protect against fraud by only sharing the personal information that is required for the sale of alcohol, in this case age, in comparison to traditional physical identity documents which contain multiple pieces of personal information. Finally, amendments to the LA 2003 and Section 182 guidance¹¹ of LA 2003 could have a positive impact on alcohol related crime and disorder through ensuring that customers are of the legal age and not already intoxicated at the point of delivery or service.

Impact on small and micro-businesses

48. The policy is discretionary therefore it is anticipated that there will be limited impact on small and micro businesses. Due to the limited evidence base it has not been possible to monetise familiarisation and training costs.

F. Proportionality

49. There is an absence of quantitative data available on the potential costs and benefits associated with amending legislation to allow digital identities and other technologies to play a role in age verification in the sale of alcohol. Consequently, costs and benefits cannot be monetised. Instead, qualitative data has been presented throughout this impact assessment, adopting a narrative approach. Additional evidence may be gathered through the consultation stage and could inform the final impact assessment.

G. Risks

50. There is no quantitative data available, meaning it has not been possible to monetise potential costs and benefits or undertake any economic analysis. Consequently, assumptions supported by limited qualitative evidence have been presented in a narrative format throughout this impact assessment.

¹¹ Revised Guidance issued under section 182 of the Licensing Act 2003:
<https://www.gov.uk/government/publications/explanatory-memorandum-revised-guidance-issued-under-s-182-of-licensing-act-2003>

The most notable risk is that there could be unknown costs and benefits which have not been possible to estimate.

H. Direct costs and benefits to business calculations

51. A narrative impact assessment has been undertaken due to limitations in the quantitative evidence base which have prevented the monetary costs and benefits from being calculated. Consequently, no cost and benefit calculations have been included.

I. Wider impacts

52. The mandatory age verification requirement does discriminate on the grounds of age (prohibiting sale of alcohol to individuals under 18 years of age) but is objectively justified (to protect children from the harmful effects of alcohol). The Home Office have considered, based on the limited information available, whether there would be any differential impact on individuals with different protected characteristics. Any change to legislation in order to allow technology to assist in age verification would not directly discriminate against anyone with any protected characteristic. This is because any change would apply equally to all individuals purchasing alcohol as an age-restricted product.
53. An equalities impact assessment has been drafted, to be published alongside changes to legislation should they be made.
54. It is possible that the use of digital identities and other technology could enable innovation through owners of technology making their products available for use. Alternatively, innovation could be restricted as products will need to meet government approved national standards which could restrict certain features of such technology.

J. Trade Impact

55. This impact assessment is not thought to have any specific trade impacts.

K. Monitoring and evaluation plan

56. At present no monitoring or evaluation plans have been developed given the first stage is to consult on whether to amend legislation and guidance to allow the use of digital identities and other technology in the sale of alcohol.
57. Proportionate monitoring and evaluation plans will be developed at a later stage once responses to the consultation have been received.

L. Annexes

Impact Assessment Checklist

Mandatory specific impact test - Statutory Equalities Duties	Complete
<p>Statutory Equalities Duties</p> <p>The public sector equality duty requires public bodies to have due regard to the need to eliminate discrimination, advance equality of opportunity, and foster good relations in the course of developing policies and delivering services. [Equality Duty Toolkit]</p> <p>The mandatory age verification requirement does discriminate on the grounds of age (prohibiting sale of alcohol to individuals under 18 years of age) but is objectively justified (to protect children from the harmful effects of alcohol). The Home Office have considered, based on the limited information available, whether there would be any differential impact on individuals with different protected characteristics. Any change to legislation in order to allow technology to assist in age verification would not directly discriminate against anyone with any protected characteristic. This is because any change would apply equally to all individuals purchasing alcohol as an age-restricted product.</p> <p>As the work progresses, The Home Office will fully consider whether there are any indirect discrimination impacts that are due solely to the use of technology, as opposed to traditional methods of verifying age, and will provide a full equalities impact assessment as required.</p> <p>The SRO has agreed these summary findings.</p>	<p>Yes</p>

The impact assessment checklist provides a comprehensive list of specific impact tests and policy considerations (as of February 2021). Where an element of the checklist is relevant to the policy, the appropriate advice or guidance should be followed. Where an element of the checklist is not applied, consider whether the reasons for this decision should be recorded as part of the impact assessment and reference the relevant page number or annex in the checklist below. Any test not applied can be deleted except **the Equality Statement**, where the policy lead must provide a paragraph of summary information on this.

The checklist should be used in addition to [HM Treasury's Green Book guidance](#) on appraisal and evaluation in central government (Green Book, 2020).

The Home Office requires the **Specific Impact Test on the Equality Statement** to have a summary paragraph, stating the main points. **You cannot delete this and it MUST be completed.**

Economic Impact Tests – *if these apply, insert a summary paragraph*

Does your policy option/proposal consider...?	Yes/No (page)
<p>Business Impact Target The Small Business, Enterprise and Employment Act 2015 (s. 21-23) creates a requirement to assess the economic impacts of qualifying regulatory provisions on the activities of business and civil society organisations. [Better Regulation Framework Manual] or [Check with the Home Office Better Regulation Unit]</p>	No
<p>Review clauses The Small Business, Enterprise and Employment Act 2015 (s. 28) creates a duty to include a review clause in secondary legislation containing regulations that impact business or civil society organisations. [Check with the Home Office Better Regulation Unit]</p>	No
<p>Small and Micro-business Assessment (SaMBA) The SaMBA is a Better Regulation requirement intended to ensure that all new regulatory proposals are designed and implemented so as to mitigate disproportionate burdens. The SaMBA must be applied to all domestic measures that regulate business and civil society organisations, unless they qualify for the fast track. [Better Regulation Framework Manual] or [Check with the Home Office Better Regulation Unit]</p>	No
<p>Clarity of legislation Introducing new legislation provides an opportunity to improve the clarity of existing legislation. Legislation with multiple amendments should be consolidated, and redundant legislation removed, where it is proportionate to do so.</p>	No
<p>Primary Authority Any new Government legislation which is to be enforced by local authorities will need to demonstrate consideration for the inclusion of Primary Authority, and give a rationale for any exclusion, in order to obtain Cabinet Committee clearance. [Primary Authority: A Guide for Officials]</p>	No
<p>New Burdens Doctrine The new burdens doctrine is part of a suite of measures to ensure Council Tax payers do not face excessive increases. It requires all Whitehall departments to justify why new duties, powers, targets and other bureaucratic burdens should be placed on local authorities, as well as how much these policies and initiatives will cost and where the money will come from to pay for them. [New burdens doctrine: guidance for government departments]</p>	No
<p>Competition The Competition guidance provides an overview of when and how policymakers can consider the competition implications of their proposals, including understanding whether a detailed competition assessment is necessary. [Government In Markets Guidance]</p>	No

Social Impact Tests

<p>New Criminal Offence Proposals Proposed new criminal offences will need to be agreed with the Ministry of Justice (MOJ) at an early stage. The Justice Impact Test (see below) should be completed for all such proposals and agreement reached with MOJ before writing to Home Affairs Committee (HAC) for clearance. Please allow 3-4 weeks for your proposals to be considered.</p>	No
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<p>Justice Impact Test</p> <p>The justice impact test is a mandatory specific impact test, as part of the impact assessment process that considers the impact of government policy and legislative proposals on the justice system. [Justice Impact Test Guidance]</p>	No
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<p>Privacy Impacts</p> <p>A Privacy Impact Assessment supports an assessment of the privacy risks to individuals in the collection, use and disclosure of information. [Privacy Impact Assessment Guidance] or [Contact the Corporate Security Information Assurance Team Helpline on 020 7035 4969]</p>	No
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<p>Family Test</p> <p>The objective of the test is to introduce a family perspective to the policy making process. It will ensure that policy makers recognise and make explicit the potential impacts on family relationships in the process of developing and agreeing new policy. [Family Test Guidance]</p>	No
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<p>Powers of Entry</p> <p>A Home Office-led gateway has been set up to consider proposals for new powers of entry, to prevent the creation of needless powers, reduce unnecessary intrusion into people’s homes and to minimise disruption to businesses. [Powers of Entry Guidance]</p>	No
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<p>Health Impact Assessment of Government Policy</p> <p>The Health Impact Assessment is a means of developing better, evidenced-based policy by careful consideration of the impact on the health of the population. [Health Impact Assessment Guidance]</p>	No
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Environmental Impact Tests

<p>Environmental Impacts</p> <p>The purpose of the environmental impact guidance is to provide guidance and supporting material to enable departments to understand and quantify, where possible in monetary terms, the wider environmental consequences of their proposals. [Environmental Impact Assessment Guidance]</p>	No
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<p>Sustainable Development Impacts</p> <p>Guidance for policy officials to enable government departments to identify key sustainable development impacts of their policy options. <i>This test includes the Environmental Impact test cited above.</i> [Sustainable Development Impact Test]</p>	No
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<p>Rural Proofing</p> <p>Guidance for policy officials to ensure that the needs of rural people, communities and businesses are properly considered. [Rural Proofing Guidance]</p>	No
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